

Local Enterprise Partnership

10 March 2022

Levelling Up White Paper

Is the paper exempt from the press and public?	No
Purpose of this report:	Discussion
Is this a Key Decision?	No
Has it been included on the Forward Plan?	Not a Key Decision

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Executive Summary

This paper summarises the Government's Levelling Up White Paper and highlights implications for the region, MCA and LEP.

What does this mean for businesses, people, and places in South Yorkshire?

This paper is for information and discussion purposes. However, the White Paper and how it is implemented could have a profound impact on the quality of life and growth opportunities of residents, businesses, and places in South Yorkshire.

Recommendations

That Board members note the summary of the White Paper and consider implications for the LEP and for South Yorkshire.

Consideration by any other Board, Committee, Assurance or Advisory Panel

A presentation on the Levelling Up White Paper was given to the Business Advisory Group on 16 February.

1. Background

- 1.1 The Government's Levelling Up White Paper was published on 2 February 2022. The Mayor, MCA and LEP have been working to persuade Government that the only way to unlock growth in the North is by taking a coordinated, strategic and devolved approach to economic development, especially where MCAs are in place with democratic accountability and structures to deliver economic regeneration at functional economic level. For several months now, work has been progressing with eminent professors such as Paul Collier, Colin Mayer and Philip McCann to develop proposals for South Yorkshire and land these with Government. The Levelling Up White Paper was the opportunity for Government to respond and outline their policy direction.

2. Key Issues

- 2.1 It is a 332-page document with a strong diagnosis of the evidence and recognition of the scale of the challenge; it gives clarity on what Levelling Up means; there is alignment with the SEP and the MCA's work (with the Blavatnik School of Government at Oxford University and the Home Win team) on transforming our business ecosystem; some funding may now be diverted away from the Greater South East; and there could be more local control over decision-making and funding; yet the transformational funding required to deliver Levelling Up has not yet been announced. Some of the major announcements relevant to the MCA and LEP are discussed below.

2.2 Innovation

Key announcements:

- 55% of Government's domestic R&D funding will be outside the Greater South East by 2024/25.
- Domestic public investment in R&D outside the Greater South East will increase by at least 40% and at least one third over the Spending Review period.
- £16bn of the Local Government Pension Scheme for investments in local projects and to make it easier to get more business investment.

Implications for the MCA and LEP:

The geographical targeting of innovation funding could begin to right the wrongs of previous decades. There will be a lot of innovation investment up for grabs, which is an opportunity for the MCA and LEP's ambitious plans for transformational business investment.

2.3 Housing and Culture

Key announcements:

- The '80/20 rule,' which leads to 80% of government funding for housing supply being directed at 'maximum affordability areas' - in practice, London and the South East - will be scrapped.
- £20m brownfield King's Cross-style regeneration pilot for Sheffield, plus a further £13m Brownfield Housing Fund top up directly to MCA.
- 100% of the Arts Council England funding uplift agreed at the latest Spending Review will be spent outside London.

Implications for the MCA and LEP:

Again, refocusing investment to the North is welcome. Sheffield being selected as one of two pilot areas illustrates that South Yorkshire is well placed to lead the Levelling Up agenda. This is about catalysing economic transformation, which is at the heart of the SEP. The key point here is that the case the MCA has made has landed well with Government and this will hopefully be the beginning of a dialogue which leads to a wider deal that goes beyond physical regeneration and also reaches further into the rest of South Yorkshire.

2.4 **UK Shared Prosperity Fund (UKSPF)**

Key announcements:

- It will be skewed to places of need.
- It will be allocated to and delivered by the MCA.
- Each place will need to produce an Investment Plan.
- SYMCA will have control over its share of the UKSPF (not announced yet), but Multiply (a £560m skills scheme) will be excluded and delivered centrally.

Implications for the MCA and LEP:

Decentralised and control over what the UKSPF is spent on is what the MCA has been asking for. Crucially, Government has still not announced how much areas will receive from the UKSPF, nor announced when this will be. It is expected that the allocation for SYMCA will be smaller compared to previous years because of the centrally driven scheme Multiply and the guarantees given to the devolved nations and Cornwall.

2.5 **Devolution**

Key announcements:

- Greater devolution proposed across the country with more and deeper powers for existing MCAs, with options to create new MCAs and county deals in other parts of the country.
- Commit to vastly simplify the local growth funding landscape to allow local leaders to drive change.
- Encouraging the integration of LEPs and their business boards into MCAs.

Implications for the MCA and LEP:

Additional powers for the MCA are welcome, and deeper LEP integration is already the South Yorkshire model.

- 2.6 There is a lot to welcome in the White Paper. It is reassuring that the MCA's case to Government has been heard, and there is an overdue acceptance that fundamental change is required to make a difference in economies like South Yorkshire. At this stage, however, the size of the funding does not yet match the scale of the problem. Respected sources such as Oxford Economics expect little to change in the next decade as there is "*little substance in terms of either the scale of resources committed, or the delivery mechanism and projects involved*" in the White Paper.

The MCA and LEP will need to keep making the case to Government to secure the best deal for the area. South Yorkshire is well placed to lead, especially given the policy alignment between the SEP and the White Paper, and the significant assets and great potential in the region. The challenge now is to work across the region to ensure partners are onboard with the innovation-led growth story, buy into the common

purpose and are enabled to play their full part. The Economic Summit presents an early and crucial opportunity in this regard.

3. Options Considered and Recommended Proposal

3.1 This paper is for information and discussion purposes. the White Paper provides an opportunity for the Board to review its role and consider it may want to proceed.

4. Consultation on Proposal

4.1 N/A

5. Timetable and Accountability for Implementing this Decision

5.1 N/A

6. Financial and Procurement Implications and Advice

6.1 N/A

7. Legal Implications and Advice

7.1 N/A

8. Human Resources Implications and Advice

8.1 N/A

9. Equality and Diversity Implications and Advice

9.1 N/A

10. Climate Change Implications and Advice

10.1 N/A

11. Information and Communication Technology Implications and Advice

11.1 N/A

12. Communications and Marketing Implications and Advice

12.1 N/A

List of Appendices Included

None

Background Papers